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1990/11/13

JL C O N F I D E N T I A L

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4. CODEL OXLEY MET NOVEMBER 13 FOR SEVENTY MINUTES WITH CHINESE PREMIER LI PENG. ALSO PARTICIPATING ON THE CHINESE SIDE WERE CHAI ZHIMIN, VICE PRESIDENT OF THE CHINESE PEOPLE'S INSTITUTE OF FOREIGN AFFAIRS (CPIFA), THE PREMIER'S PERSONAL SECRETARY LI ZENGMIN, YANG JIUCHI, DEPUTY DIRECTOR OF THE MFA'S NORTH AMERICAN AND COLONIAL DEPARTMENT, AND OTHER CPIFA OFFICIALS. THE AMERICAN DELEGATION INCLUDED CONGRESSMEN OXLEY (R-CHIO), TARDEN (D-GEORGIA), SHAW (R-FLORIDA), RODDEES (R-ARIZONA) AND LIGHTFOOT (R-LOWA), CHARGE, THE CONGRESSMEN'S WIVES, STAFF MEMBERS AND INBOFF (NOTETAKER).

5. U.S.-CHINA TRADE AND MEX

6. THE MEETING WAS PRECEDED BY A BRIEF PHOTO-OP INVOLVING THE ENTIRE AMERICAN DELEGATION. AFTER BRIEF WELCOMING REMARKS, LI SOLICITED QUESTIONS FROM HIS GUESTS. CONGRESSMAN OXLEY BEGAN BY ASKING THE PREMIER'S VIEW ON U.S.-CHINA TRADE DEVELOPMENT IN THE NEXT FEW YEARS.

7. LI STATED HIS OPINION THAT U.S.-CHINA TRADE HAD A BRIGHT FUTURE. HE HAD ADDRESSED THE 5TH PACIFIC SESSION OF THE UN TELECOMMUNICATION UNION THE DAY BEFORE AND WANTED TO underscore THE PROSPECTS FOR TECHNICAL INNOVATION IN THIS AREA. HE UNDERSTOOD THE QUESTION OF A TRADE DEFICIT WITH CHINA HAD BECOME A RECENT CAUSE OF CONCERN TO THE AMERICAN PUBLIC. LI THOUGHT THIS WOULD NOT BE A DIFFICULT PROBLEM TO SOLVE. CHINESE MODERNIZATION WOULD REQUIRE A GREAT DEAL OF HI-TECH EQUIPMENT. CHINA NEEDED ALL SORTS OF AMERICAN PRODUCTS.

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11.1 GULF CRISIS

11. S. CONGRESSMAN BURLEN THEN ASKED HOW DR. QIANG'S TALKS
WITH SADDAM HUSSAIN IN BAGHDAD HAD GONE AND WHAT CHANCE
THE CHINESE SAW OF A PEACEFUL SOLUTION TO THE GULF
CRISIS.

12. LI TERMED THIS A QUESTION OF UNIVERSAL CONCERN,
AFFECTING NOT JUST THE REGION BUT ALSO EUROPE AND THE
WHOLE WORLD.

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HE THEN ASKED BURDEN HOW HE SAW THE IRAQI
QUESTION BEING RESOLVED.

14. CONGRESSMAN BURDEN EXPRESSED HIS HOPE THAT THE
SITUATION COULD BE RESOLVED WITHOUT RESORTING TO THE

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1. USE OF FORCE. THE CONGRESS WOULD HAVE SOME INPUT ON THIS QUESTION. ACCORDING TO THE U.S. CONSTITUTION, ONLY CONGRESS, NOT THE PRESIDENT, COULD DECLARE WAR, THOUGH THAT COURSE HAD NOT BEEN TAKEN IN RECENT YEARS. AT THIS POINT LI INTERRUPTED TO CHECK HIS UNDERSTANDING THAT PRESIDENT BUSH FELT HE ALREADY POSSESSED THE EMERGENCY POWERS TO DECLARE "PREEMPTIVE WAR" WITHOUT CONSULTING CONGRESS.

2. BUSHEN SAID LI'S UNDERSTANDING WAS CORRECT IF U.S. FORCES WERE ATTACKED. BUT HE ADDED HIS PERSONAL VIEW THAT BEFORE THE FIGHTING STARTED, THE PRESIDENT SHOULD ENLIST THE AID AND SUPPORT OF THE U.S. PEOPLE AND THEIR ELECTED REPRESENTATIVES IN CONGRESS. LI VERY NOTED THE SLIGHT MISSIMILARITY BETWEN HIS CHARACTERIZATION AND BUSHEN'S LAST REMARKE.

3. CONGRESSMAN SEAW WANTED TO PUT THIS QUESTION IN A HISTORICAL PERSPECTIVE. WHEN THE CONSTITUTION WAS ENACTED TWO HUNDRED YEARS AGO, THINGS TOO, MOST TIMES, PARTICULARLY WHEN GREAT DISTANCES WERE INVOLVED. BUT NOW, IF THE PRESIDENT WANTED TO PRESERVE THE ELEMENT OF SURPRISE, THERE WOULD BE NO TIME TO CONSULT WITH CONGRESS. HE PERSONALLY HOPE THIS DISCUSSION WAS JUST AN ACADEMIC DEBATE, AND THAT EVENTS WOULD NOT MOVE IN THAT DIRECTION IN THE GULF.

DEMOCRACY DETAINES AND MFN

4. CONGRESSMAN SEAW THEN POSED HIS OWN QUESTION. HE SAT ON THE WAYS AND MEANS COMMITTEE, WHICH HAD JURISDICTION OVER TRADE. CHINA HAD BEEN A "HOT TOPIC" IN THE CONGRESS THIS PAST YEAR BECAUSE OF THE JUNE 4 EVENTS, AND WAS SURE TO BE ON THE AGENDA WHEN CONGRESS RESUMED ITS WORK IN JANUARY. HE WAS PERSONALLY IMPRESSED BY CHINA'S ECONOMIC PROGRESS SINCE HIS LAST VISIT IN 1982. PERHAPS PREMIER LI WAS AWARE OF THE PEOPLE'S CONGRESSIONAL "FREE TRADERS" LIKE HIMSELF FACED. IT WOULD BE MUCH EASIER TO SUPPORT CONTINUED EXTENSION OF MFN STATUS TO CHINA IF BEIJING DISPOSED OF THE CASES OF DEMOCRACY ACTIVISTS STILL IN DETENTION, RELEASING THEM IF POSSIBLE. GEORGE BUSH WAS A TREMENDOUS FRIEND OF CHINA; THERE WERE OTHER FRIENDS IN CONGRESS. BUT SEAW FELT IT ONLY FAIR TO INFORM LI OF THE PROBLEMS HE AND HIS COLLEAGUES IN THE CONGRESS FACED. HE ASKED THAT THE CHINESE SIDE ASSIST THEIR FRIENDS IN THE U.S. CONGRESS ON THIS ISSUE.

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Introduction

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ANSWER

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CHINA: DIPLOMACY

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THE KOREAN PENINSULA

21. CONGRESSMAN EHOLES BEGAN HIS QUESTION BY NOTING THAT CHINESE HAD RECENTLY ESTABLISHED TRADE OFFICES IN SOUTH KOREA. HOW DID LI SEE THE FUTURE OF THE KOREAN PENINSULA? WOULD DIPLOMATIC RELATIONS BETWEEN CHINA AND SOUTH KOREA FOLLOW? AMERICANS WERE AWARE OF CHINA'S CLOSE TIES TO NORTH KOREA. WHAT WAS LI'S PROGNOSIS?

22. LI BEGAN BY NOTING CHINA SHARED SOME VIEWS WITH THE U.S. ON THIS QUESTION. THE PRC FAVORED A STABLE KOREAN PENINSULA, SUPPORTED STRENGTHENED NORTH-SOUTH RELATIONS AND EVENTUALLY HOPE TO SEE THE KOREANS REALIZE PEACEFUL REUNIFICATION. BEIJING ENJOYED CLOSE TIES TO PYONGYANG AND HOPE THE NORTH COULD FREE ITSELF SOON FROM ITS ISOLATION FROM THE INTERNATIONAL COMMUNITY. THUS THE CHINESE WERE PLEASED BY RECENT CONTACTS BETWEEN THE JAPANESE AND NORTH KOREANS.

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U.S.-CHINA TRADE REVISITED

25. CONGRESSMAN LIGHTFOOT TURNED THE CONVERSATION BACK TOWARD U.S.-CHINA TRADE. HE ASKED IF CHINA WAS WILLING TO HELP IN SOLVING THE PUBLIC RELATIONS PROBLEM ASSOCIATED WITH PROMOTING MFN IN THE CURRENT CLIMATE.

26. LI BEGAN BY NOTING THE NEED TO REMOVE ONE MISPERCEPTION CONCERNING THE U.S.-CHINA TRADE DEFICIT. HE UNDERSTOOD THAT ACCORDING TO U.S. STATISTICS CHINESE PRODUCTS GOING THROUGH HONG KONG WERE CALCULATED AS

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CHINESE PRODUCTS. HONG KONG EXPORTS TO THE U.S. OF CHINESE ORIGIN WERE WORTH ROUGHLY USD TEN BILLION... WHEREAS DIRECT EXPORTS FROM CHINA (CONSTITUTED...) APPROXIMATELY USD FIVE BILLION. SO IF MFN STATUS WERE REVOKED, THE PRICES OF THESE GOODS WOULD INCREASE. IT WOULD BE DIFFICULT THEN TO MARKET SUCH GOODS IN THE U.S. WERE THIS TO HAPPEN, THE GREATEST HARM WOULD BE FELT IN HONG KONG. THAT WAS WHY HONG KONG GOVERNOR WILSON WENT TO THE U.S. LAST YEAR TO LOBBY FOR EXTENSION OF MFN.

27. FURTHERMORE, ALTHOUGH THE TOTAL VOLUME OF

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ENCLOSURE

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) Q. CONGRESSMAN OXLEY ASKED THAT THE CODEL WOULD
1) DEPART CHINA IN A FEW DAYS FOR HONG KONG. WHAT, IF ANY
) TRICKERY WILL THE CHINESE USE IN APPROVING THE 1997
) TRANSFER OF HONG KONG BACK TO CHINA? HE WAS AWARE OF
) SEPARATE IN THE COLONY WHICH RESULTED IN SOME
) MIGRATION AND CAPITAL FLIGHT. HE ASKED LI IF THESE
) SEPARATES WERE OVERCOME?

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39. THE MEETING CONCLUDED WITH PLEASANTRIES AND THE
PRESENTATION OF GIFTS TO THE PREMIER FROM THE CODEL.

COMMENT

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41. THE CODEL DID NOT CLEAR THIS AREA.

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